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<https://ncnewsline.com/briefs/lawsuit-alleges-racial-demographics-activists-drove-compute-north-to-withdraw-original-plan-for-cryptofarm-in-pitt-county/>

# NC NEWSLINE

## Lawsuit alleges racial demographics, activists drove Compute North to withdraw original plan for cryptofarm in Pitt County

By: [Lisa Sorg](#) - March 14, 2022 10:46 am



Compute North, which plans to host a controversial cryptomining center in Greenville, allegedly withdrew its application for a different site in Pitt County because of the area's racial demographics, [according to a lawsuit](#) filed last month in Minnesota state court.

Compute North is headquartered in Eden Prairie, Minnesota. It has since selected a site within the Greenville city limits for its cryptocurrency operations, [Policy Watch reported in January](#).

The lawsuit, filed by Rohit Shirole, is an employment dispute that details allegations of racial discrimination, but also includes information about Compute North's siting decisions. Shirole, whose title was vice president and business development, is of South Asian descent. He alleges he was treated differently from white employees because of his race. He also alleges that the company asked him to sign an "overly broad" non-compete agreement, then

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fired him after he refused to do so. The company allegedly owes him back pay, based on sales commissions.

The company denies all allegations of racial discrimination, retaliation and non-payment, [according to court records.](#)

On Nov. 3, 2021, Shirole attended a conference call with top Compute North officials and a customer, Marathon Digital Holdings. Marathon Digital Holdings is building one of the largest Bitcoin mining operations in North America. On that call, Compute North Chief Operating Officer Drake Harvey allegedly stated that the original site in Pitt County was in “an economically downtrodden area” and the residents were “non-white,” court documents read. Harvey allegedly stated that these factors combined with an “activist individual” made the site less desirable.”

According to court documents, Shirole was “shocked” by this statement.

The proposed site, across from Belvoir Elementary School on Highway 33, is in a predominantly Latinx and Black neighborhood. [Southerly Magazine reported in December](#) about community opposition to the Compute North operation, led by several women of color. Neighborhood residents were especially concerned about noise levels from the cryptofarm, generated by hundreds of fans to keep computers cool.

Two days before the call with Marathon Digital, on Nov. 1, the company had announced it would not operate a cryptofarm there. At the time, the company issued a statement explaining its decision:

“After thoughtful review of our proposed data center facility in Pitt County, Compute North has decided that it is in the best interest of all stakeholders to pursue an alternative location for our project ... Integrity is a core value at Compute North and our desire to be a good neighbor and valued member of the business community is authentic and unwavering.”

In its court filings, Compute North admitted it held the conference call and that it withdrew from Pitt County “because of site logistics.” The company denied “any use of racial demographics in site selection.”

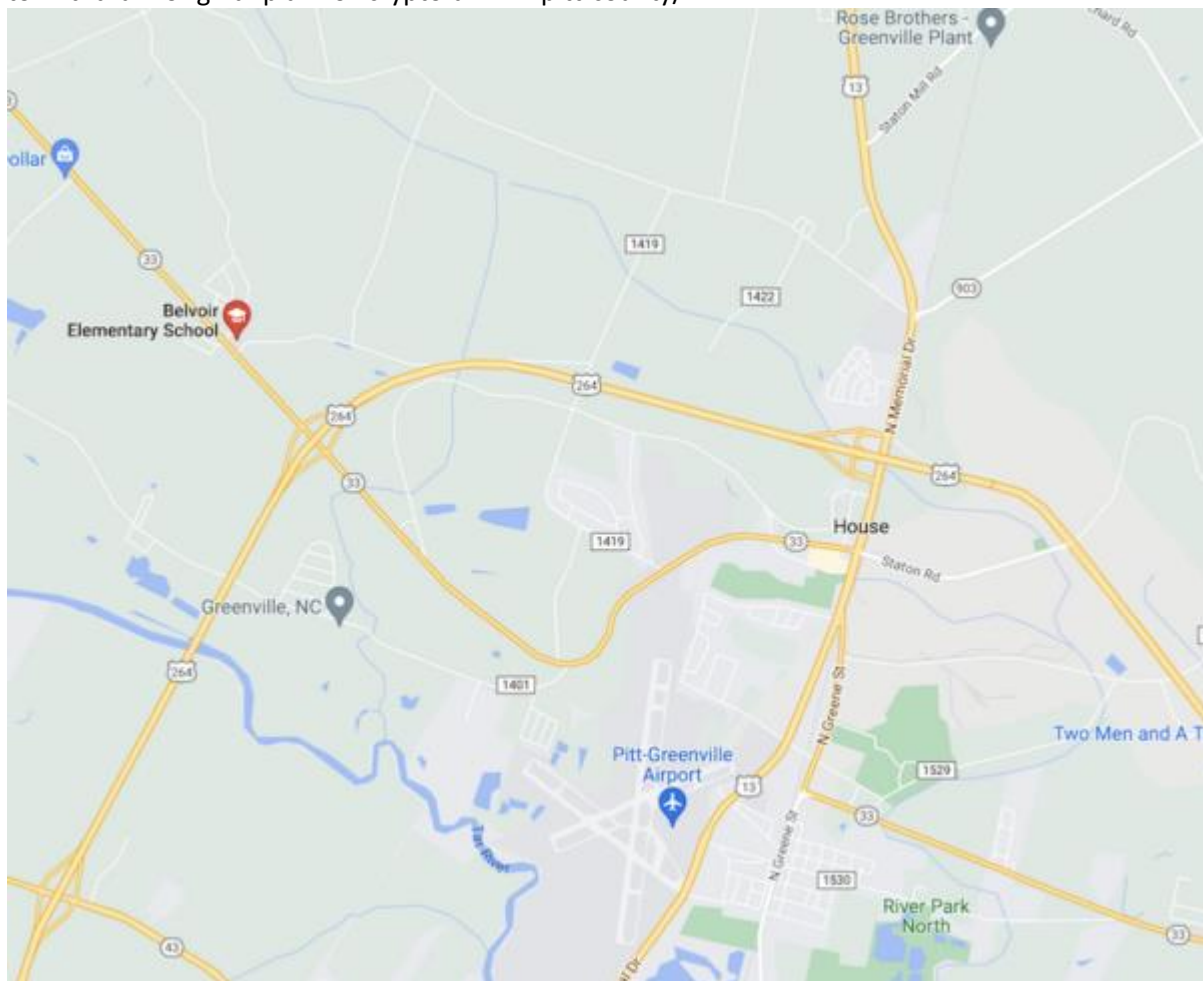
Compute North has yet to publicly announce its new site in Greenville. In January, the Greenville City Council amended its zoning ordinance to allow “modular data processing centers” in industrial areas. The properties that meet the zoning criteria are on the city’s northeast side.

Compute North has stated publicly that their computers can process other types of data besides cryptocurrency. COO Harvey Drake told the Greenville City Council that it could host other businesses that require immense computing power.

Yet court documents establish that Compute North is in the business of providing co-location services to digital currency mining companies. They locate, develop and provide physical locations for the computer equipment used in maintaining blockchain software for digital currency.

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*Compute North originally planned to operate its cryptomining operation across the street from Belvoir Elementary School in Pitt County. Community opposition prompted the company to withdraw its proposal. It has not announced a new site, but a recent zoning amendment would allow Compute North to operate in industrial areas inside the Greenville city limits, such as near the airport. (Google Maps)*

Cryptomining uses a network of high-powered computers to verify cryptocurrency — an alternative form of money, including Bitcoin or Ethereum. The allure of cryptocurrency is that it sidesteps banks and financial institutions. There are two ways to buy cryptocurrency: either purchase coins that are already in circulation through a currency exchange, or become a miner and receive new coins as a reward for the work.

Cryptocurrencies are unlike traditional cash transactions. If you bought a service or item using cryptocurrency, the funds would not be withdrawn from a bank account. Instead the virtual transactions are recorded in a public ledger, known as a “block chain.” Each transaction is saved as a “block.” (If you think of an old-school checkbook ledger, each entry would be a “block.”) Those transactions, or blocks, must first be verified. This is where the “mining” comes in.

Individual miners and their computers, such as those hosted onsite by Compute North, compete to solve complex mathematical problems to verify each crypto transaction — the block. The payoff for winning miners is that they receive some amount of

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cryptocurrency. The value of Bitcoin and other digital currencies, though, is volatile. Bitcoin and Ethereum prices have fallen 38% since this time last year.

The trillions of guesses that verify each crypto-transaction requires advanced computational power — and electricity. Cryptofarm computers consume enormous amounts of energy, much of it from fossil fuels, the main driver of climate change. While some cryptofarming companies do use some renewable energy, that often includes hydropower, which has its own environmental problems. The dams can harm ecosystems, degrade water quality and prevent fish from migrating. At a recent congressional hearing, several federal lawmakers were concerned that cryptomining operations are also burning fossil fuels at power plants that might otherwise be closed.